

REMARKS

Claims 1, 3, 4, 6-10, 12, 14-18, 20, 22, 24-31 and 33 are still pending in this application. Reconsideration of the application is earnestly requested.

The Examiner has rejected claims 1, 3, 20, 31 and 33 under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent No. 6,647,376 B1 to *Farrar et al.* in view of U.S. Patent No. 5,679,940 to *Templeton et al.* Claims 4, 6, 7, 17, 18, 22, 24, 26, 27, 28, 29 and 30 are rejected under 35 U.S.C. §103(a) as being unpatentable over *Farrar* and *Templeton*, and further in view of the Business Wire reference, dated April 29, 1999 (*Business Wire*). Claim 8 is rejected under 35 U.S.C. §103(a) as being unpatentable over *Farrar*, *Templeton*, and *Business Wire*, and further in view of U.S. Patent No. 5,703,344 to *Bezy*. Claims 9 and 10 are rejected under 35 U.S.C. §103(a) as being unpatentable over *Farrar* in view of *Bezy* and further in view of *Templeton*. Claims 12, 14, 15, and 16 are rejected under 35 U.S.C. §103(a) as being unpatentable over *Farrar*, *Bezy*, and *Templeton*, and further in view of *Business Wire*. Claim 25 is rejected under 35 U.S.C. §103(a) as being unpatentable over *Farrar* and *Templeton*, and further in view of *Bezy*.

Although the Examiner's arguments have been carefully considered, Applicant respectfully traverses these rejections as explained below.

Claims 17 and 20

Independent method claims 17 and 20 have been amended to recite that a mode of settlement of a transaction is determined at the time of authorization is requested from a drawee or participating bank and that the transaction is settled by a switch computer at a service organization (as recited in claim 17) or at a service organization (as recited in claim 20). As defined in the specification, for example at page 9, a service organization may be any suitable organization capable of performing clearing and settling of financial transactions. The advantage to having the settlement mode determined at the time of authorization is increased efficiency in the settlement process. Support for these amendments may be found, for example, at page 24, lines 12 to 20, line 29 to line 3 on page 25, and generally in FIG. 12. This step of determining a mode of settlement concurrent with seeking authorization from a drawee or participating bank is

not shown, disclosed or suggested by the cited references, specifically *Farrar* and *Templeton*, alone or in combination.

Therefore, it is requested that the rejection of claims 17 and 20 and their dependent claims be withdrawn.

Claims 1, 9 and 31

In the “Response to Arguments” section of the Office Action, the Examiner states that:

“Templeton discloses MICR data being sent in a raw form from a merchant in order to be parsed at a drawee bank or verifying institution. While *Farrar* gives every indication that MICR data is being read from a reader but not parsed until being received at a drawee bank or verifying institution as discussed in previous Office Actions, applicant is advised to review *Templeton* reference as presented in the current Office Action where it is disclosed that raw MICR data is captured and transmitted from a merchant or POS to a drawee bank or verifying institution.”

In fact, *Templeton* does not describe, teach or suggest that MICR data are parsed at a drawee bank, as recited in the claims of the present invention. Nor does *Farrar* give any indication, let alone explicitly describe or teach, that MICR data read from a reader are not parsed until being received at a drawee bank. *Templeton* has been carefully reviewed and although raw MICR data are captured and transmitted from a merchant or POS, the reference does not disclose that the data are parsed at a drawee bank, as recited in the claimed invention.

Independent claims 1, 9 and 31 were previously amended to clarify the role of the drawee bank in performing conversion, verification, and guarantee services based on the transaction information. The claims recite that the paper check given by the customer to the merchant is a check supplied to the customer by the drawee bank for use by the customer (i.e., to write checks against the customer’s checking account at the bank). The claims also recite that the checking account corresponding to the checking account information is an account that is maintained at the drawee bank. These limitations clarify that the drawee bank has at least two features that enable it perform the parsing and subsequent conversion, verification, and guarantee functions with respect to the transaction between the customer and the merchant.

A conventional verification service, such as the check acceptance service described in *Templeton*, does not have the capabilities or relationship with the customer and the transaction

information to enable these features. The check acceptance service does not maintain a customer account and is not in the best position to perform conversion, verification or guarantee. For example, because the check acceptance service does not maintain any customer account, it must rely upon negative file 85 and positive file 87 to authorize checks. By contrast, the drawee bank relies upon the actual customer accounts which are maintained by the drawee bank. The only disclosure found in *Templeton* is that of the check acceptance service; there is no discussion whatsoever of any kind of drawee bank.

Therefore, it is requested that the rejection of claim 1, 9, and 17 and their respective dependent claims be withdrawn.

Applicant believes that all pending claims are allowable and respectfully requests a Notice of Allowance for this application from the Examiner. Should the Examiner believe that a telephone conference would expedite the prosecution of this application, the undersigned can be reached at the telephone number set out below.

Respectfully submitted,
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